

**REQUEST FOR REVIEW  
before the  
FEDERAL COMMUNICATIONS COMMISSION**

**CC Docket No. 02-6**

**Re: Applicant Name: LOWER YUKON SCHOOL DISTRICT  
Billed Entity No: 145592  
Funding Year: 2009-2010  
Form 471 Application No.: 875747  
Funding Request Number: 2390912**

**EXHIBITS 9 THROUGH 17 TO  
LOWER YUKON SCHOOL DISTRICT'S  
REQUEST FOR REVIEW DATED JUNE 18, 2012,  
PREVIOUSLY AND SEPARATELY ELECTRONICALLY FILED**

**Saul Friedman**

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**From:** Jenny Martens [jmartens@loweryukon.org]  
**Sent:** Sunday, July 10, 2011 12:47 PM  
**To:** pportan@sl.universalservice.org  
**Cc:** bcannan@sl.universalservice.org  
**Subject:** Response from LYSD to Request Dated 5.26.11

Ms. Cannan, by email dated May 26, 2011, with a response due date of June 10, 2011, you requested information from the Lower Yukon School District relating to five meal/ meetings at which District personnel were allegedly in attendance. These were meals/meetings that Integrated Logic has apparently described in detail to USAC. In an email to you dated May 29, 2011, I requested a 30 day extension of time to respond. You granted that extension request in an email to me dated June 1, 2011. The District's response to each of those 5 meals/meetings are set forth below.

1. January 17, 2009, at Sullivan Steak House in Anchorage. Although your May 26, 2011, email to me identifies the date of this meal/meeting as January 1, 2010, we believe that it took place on the 17th. Integrated Logic has described that meal/meeting as follows:

"Meeting with Chris Johnson (Integrated Logic LLC), Alex Russin (LowerYukon School District), and Brandon Shilson (Computer Hands). The meeting was to discuss the hardware requirements needed for the next Firstclass SMART upgrade. SMART is a proprietary student record keeping application suite developed by Computer Hands for LYSD. Integrated Logic supports the hardware that runs SMART in LYSD VMware cluster in their core. The coverage of the SMART hardware is part of Integrated Logic's NON-eRate LAN/WAN maintenance contract."

To the best of Alex Russin's recollection, he did have dinner with the individuals set forth in Integrated Logic's description of the meal/meeting. He did not pay for his meal that evening. Mr. Russin was present solely because of Computer Hands' involvement with the District's student data system. Mr. Russin was instrumental in bringing that system to LYSD.

Mr. Russin had no involvement in the competitive bidding process that resulted in the award to Integrated Logic. More specifically, he had no involvement in the development of the RFP, the review of proposals, or in the selection process. He did not supervise, either directly or indirectly anyone involved in the competitive bidding process. He has also advised that he "had no relevant conversations with anyone regarding the RFP process."

2. February 25, 2009, at the Glacier Brew house. Integrated Logic has stated that Joshua Jerome from LYSD was present and that the meal/meeting was "to discuss LYSD annual teacher in-service. Every year LYSD holds an in-service for its new staff in Anchorage. The event requires that LYSD's network resources be extended to the in-service location. This event and the logistics around the WAN extension to it are covered by Integrated Logic's NON-eRate LAN/WAN maintenance contract."

Joshua Jerome denies being present at the meal/meeting. He was traveling to Salt Lake City that day. His flight left at 1:00 a.m. on February 25, 2009, arriving in Salt Lake City at 7:35a.m. I can provide you with a copy of his itinerary if you so desire.

Also, Mr. Jerome's employment with the District did not commence until July 1, 2008. As a result he had no involvement whatsoever with the competitive bidding process at issue.

3. July 17, 2009, at The Peanut Farm. Integrated Logic has has stated that this was a "meal with LYSD and Redi Data Systems (Don Slifer) Chris Johnson (IL). Discuss MOU school k-12 construction project. "

The District believes that the circumstances surrounding this meeting, if it did in fact take place, was that the District was renovating/adding space to the Mountain Village School, a State of Alaska funded capital improvement project. Integrated Logic has wired up, or was in the process of wiring up, 7 other District schools. In order to maintain consistency between schools (wires tested, color coded wires, common equipment, etc.) and that the wiring was properly accomplished, it was preferable to have Integrated Logic wire the Mountain Village School. Carl John, the District's Director of Capital Projects, did not want Integrated Logic working in the school as long as the school was under the control of the prime renovation/construction contractor. He was concerned that lack of coordination or interference by Integrated Logic could result in construction claims against the District by the prime contractor. However, if Integrated Logic was a subcontractor to the prime contractor the potential for such claims would be eliminated. In any event, Carl John did not attend that meal/meeting. Integrated Logic does not state which individual or individuals from the District were in attendance. The District does not believe that any of its employees were present. Carl John would have been the logical person to be present, and he was not present. Also, Carl John had no involvement whatsoever with the competitive bidding process that result in the contract award to Integrated Logic which contract is at issue with USAC.

4. July 29 2009, The Peanut Farm. Integrated Logic discusses this as a "Meeting to discuss billing for finished and upcoming projects. This meeting was business overhead." According to Integrated Logic, Davey Shields, the District's then Business Manager, attended for LYSD.

Mr. Shields does recall meeting with Integrated Logic personnel at about this time to discuss billing procedures for e-rate projects. Integrated Logic had submitted the first invoice directly to USAC for the big Wiring Project (approximately \$1.9 million). As a result, USAC would not deal with the District by discussing/expediting payment. USAC told Davey Shields that it would only deal with the entity that submitted the invoice. The District has always previously submitted invoices to USAC for all but internet services. Mr. Shields wanted to make it clear to Integrated Logic that that was the process to be followed.

Mr. Shields states that Integrated Logic paid for his lunch in the amount of \$10 to \$15. He had either a hamburger and fries, a Rueben sandwich, or a hot farm sub sandwich, and a soda. Mr. Shields was involved in the competitive bidding process that took place in 2008 regarding the contract award to Integrated Logic which is at issue with USAC.

5. January 4, 2010, at Boston's Pizza. According to Integrated Logic, this meeting involved "Howard Beans (LYSD), Josh Jerome (LYSD) Robert Jeffries (IL), Allen Chadwick (IL); new hire orientation for Robert, talk about logistics for erate maintenance project."

According to Mr. Jerome, both he and Howard Beans attended that meal/meeting to meet one of Integrated Logic's new Bush Techs, Robert Jeffries. Mr. Jerome has previously denied having Integrated Logic pay for any of his meals.

Howard Beans responded to a request for information regarding this meal as follows: "Yes, I went out to lunch with my supervisor (Mr. Joshua Jerome-Director of Technology for Lower Yukon School District), I believe that he (Joshua) was paying for the lunch at Boston's Pizza. This is the only time I have had a meal with Integrated Logic included. I believe the date was in early January 2010."

In any event, Howard Beans did not have any involvement, in any way, with the e-rate RFP, proposals, selection, award, etc., of the contract to Integrated Logic that occurred in 2008, which is at issue with USAC.

Ms. Cannan, thank you for your patience. I believe that the information present above fully responds to your request. Additionally, the information presented clearly demonstrates that any meals provided by Integrated Logic did not "have undue or improper influence" on the 2008 procurement decision that is at issue. See, *FCC's Sixth Report and Order*, released September 28, 2010, paragraph 89, at page 40.

As always, if you have any further questions, please do not hesitate to contact me.

Sincerely,

Jenny L. Martens  
Director of Budget and Finance  
Lower Yukon School District  
907-591-2411  
[jmartens@loweryukon.org](mailto:jmartens@loweryukon.org)

ASHBURN & MASON P.C.

LAWYERS

DANI CROSBY • MATTHEW T. FINDLEY • DONALD W. MCCLINTOCK III  
ROBERT A. ROYCE • A. WILLIAM SAUPE • MOIRA K. SMITH • JACOB A. SONNEBORN • THOMAS V. WANG  
OF COUNSEL MARK E. ASHBURN • JULIAN L. MASON III

May 27, 2011

Jennifer Baumann  
Special Compliance Review  
Universal Service Administrative Company  
Schools and Libraries Program

[jbauman@sl.universalservice.org](mailto:jbauman@sl.universalservice.org)

Re: Integrated Logic, LLC – Special Compliance Review  
File No. 10813.000

Dear Ms. Bauman,

Our law firm represents Integrated Logic LLC. This letter and its attachments are submitted in response to the USAC's request for information dated March 30, 2010. The attached statement of Chris Johnson responds specifically to the allegations and inquiries set forth in your letter.

Integrated Logic is disappointed to have to respond to these baseless allegations (the source of which is unclear) but is willing to provide as much information and cooperation as is needed to resolve any concerns that USAC may have. In that regard, we have not attached documentation in support of Mr. Johnson's statements as it is not clear what additional information USAC would consider useful. Integrated Logic's contracts with Lower Yukon School District were awarded via RFP and we assume you already have copies of that information. If there are additional questions you would like to have answered, or additional documents you would like to review, please do not hesitate to contact me.

Very truly yours,

ASHBURN & MASON, P.C.

Thomas V. Wang

TVW:haw

Enclosure

p:\clients\10813\correspondence\letter to usac.doc

To: Barbara Cannan  
From: Chris Johnson  
Subject: Integrated Logic LLC, Information Request

This is written in response to your request for information from Integrated Logic LLC and regarding the activities of one of its predecessor companies, Wire Weavers. My responses follow.

Inquiry #1: Please provide your expense reports showing any meals, gifts, etc., given to school districts whom have funding requests with Integrated Logic and Wire Weavers from the date your relationship with those districts began to present.

Response: Copies of all receipts available for Integrated Logic have already been provided. Integrated Logic now has a policy prohibiting gifts and meals to all customers receiving state or federal funding.

There are no records available for Wire Weavers due to the passage of time and its termination as a business entity. I have consulted my tax records which indicate modest amounts deducted for "deductible meals and entertainment" – less than \$9,000 total for years 2007 and 2008. My recollection is that most if not all of these expenditures were meals for my crews when on-site, rather than client entertainment. I have no recollection of buying meals or entertainment for any school districts during that time period.

Inquiry #2: You had said that in some instances you will auction off equipment that you have removed from a school. Please provide a list of all equipment that you have sold that was purchased with E-rate funds. This would include Wire Weavers and Integrated Logic, LLC. The list should contain the school name, make and model of equipment, date sold.

Response: The school district likely could provide USAC with a list of the equipment that was disposed of. However, I am not personally aware of any basis upon which one could determine the funding source used to originally acquire the equipment. This was not information that we were charged with collecting or maintaining.

Inquiry #3: You were previously asked to provide a description of the relationship/association with all members of the Integrated Logic LLC and Lower Yukon School district, prior to and during the competitive bidding process that resulted in the contract underlying the request shown on FY 2008 FCC Form 471 application #632621, FRNs 1748539

and 1748588. Your response was that before the contracts were awarded, Integrated Logic was already contracted to provide network LAN WAN maintenance, design and implementation of technology solutions. By already having this contract there a relationship with Lower Yukon SD prior to the competitive bidding that would unfairly influence the outcome of the competition. How was this conflict mitigated?

Response: I disagree with the suggestion that a competitive bidding process is inherently unfair, inappropriate, or a conflict solely because an incumbent service provider submits a bid, and I do not believe that was the case at LYSD. We did not participate in bid evaluation in any way and therefore cannot speak to the measures that LYSD undertook in evaluating the bids. So far as I am aware it was a fair and impartial process. If and to the extent any other bidders might have been disappointed with the outcome, or felt that it was the product of unfair or inappropriate influence, I believe that the District's procurement procedures would have provided an avenue for obtaining relief. I am not aware of any challenge to the District's bidding process.

#### SPECIAL COMPLIANCE REVIEW CERTIFICATION

I certify that I am authorized to make the representations set forth in the responses to the Special Compliance Review inquiry on behalf of **Integrated Logic LLC and Wire Weavers**, the entities represented on and responding to the Special Compliance Review inquiry, and am the most knowledgeable person with regard to the information set forth therein. I certify that the responses and supporting documentation to the Special Compliance Review inquiry are true and correct to the best of my knowledge, information and belief. I acknowledge that FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism are subject to suspension and debarment from the program. I acknowledge that false statements can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001 and civil violations of the False Claims Act.

I declare under penalty of perjury that the foregoing is true and correct. Executed on \_\_\_\_ day of \_\_\_\_\_, 2010 at \_\_\_\_\_ [city],  
\_\_\_\_\_[state].

Answer: Integrated Logic LLC provides independent contractor services to the Lower Yukon School District. That is the only relationship between us and the District.

Question #2: Please provide a description of the relationship/association with all members of the Integrated Logic LLC and Lower Yukon School District, prior to and during the competitive bidding process that resulted in the contract underlying the requests shown on FY 2008 FCC Form 471 application #632621, FRN 1748539 and 1748588.

Answer: Before the above mentioned contracts were awarded Integrated Logic LLC was contracted to provide network LAN WAN maintenance, design and implementation of technology solutions. Since Dave Reilly's name has been mentioned I should mention that Dave served briefly as Technology Director at LYSD. However, he was not at the District when we were awarded the above-referenced contracts, and, to the best of my knowledge, did not participate in the RFP award process, which was performed by the School Board.

Question #3: Do you have a relationship/association with Lower Yukon School District that is beyond what is required to do business with Integrated Logic LLC? If yes, please explain circumstances.

Answer: No. We have a normal business relationship with the District, nothing beyond that.

Question #4: Have you or other members of Integrated Logic LLC given gifts or other gratuities to Lower Yukon School District? If yes, please explain the circumstances.

Answer: We do not give gifts or gratuities to the District, its employees, or board members.

Question #5: Do you and other members of Integrated Logic LLC have any family members working for Lower Yukon School District? If yes, please explain the circumstances.

Answer: No. We have no relatives working for Lower Yukon School District. My mother and step-father both work for the Lower Kuskokwim School District. They do not work in any capacity related to technology and their employment by the District has not influenced Integrated Logic's business dealings with that or any other school district.



Signature		Date
Print Name	Title	
Employer		
Telephone Number	Fax Number	
Email Address		

To: Jennifer Baumann  
From: Chris Johnson  
Subject: Integrated Logic LLC, Information Request

This is written in response to your request for information from Integrated Logic LLC regarding services performed in relation to certain the Funding Request Numbers for Funding Year 2008 through 2010. You have asked that I respond to certain allegations that have been made regarding Integrated Logic, LLC and, in addition, that I answer certain questions. My responses follow.

Allegation #1: Employees of Integrated Logic LLC have personal relationships with Lower Yukon School District's former Technology Director, David Reilly.

Response: Allen Chadwick and I are the two members (owners) of Integrated Logic, LLC. I assume that the allegation refers to someone's perception of our relationship with David Reilly. Assuming that is the case, Allen and I have provided services to several entities for which Mr. Reilly has worked over the years, starting with Yup'it School District. I believe we have done good work for Mr. Reilly. We have had a positive and friendly working relationship and have shared meals with him. However, more pertinent to this issue, I am not aware of any instance in which this positive relationship improperly influenced any decision that Mr. Reilly may or may not have made regarding our services.

Allegation #2: Integrated Logic LLC pays school employees monthly to be a part of a process to obtain funds through the Schools and Libraries Program.

Response: This allegation is not true. Integrated Logic does not pay school employees. I am unaware of any reason why anybody would think this is the case.

Allegation #3: Integrated Logic LLC significantly overcharges for services provided which are then billed to the Schools and Libraries Program.

Response: I disagree with this characterization of our fees. With respect to the specific projects referred to in your letter, those projects were awarded through a competitive bidding process, which we won.

Allegation #4: The Superintendent of Lower Yukon School District works as a consultant for Integrated Logic LLC.

Response: This is not correct. The Superintendent of LYSD does not work as a consultant with Integrated Logic and we have no business relationship with him except in his capacity as representative of the District.

Allegation #5: Integrated Logic LLC charges schools a fee to install, configure, and also remove old equipment which is rarely more than two years old, which is stored until it can be resold.

Response: We provide comprehensive, turn-key network solutions. This sometimes means the complete replacement of network equipment and starting over from scratch to create a robust, workable network. In my experience this is often a better approach in the long run than attempting to catalogue and identify the few remaining functional pieces of equipment and cobbling together a new system around them. On occasion this involves replacing equipment that may not have totally exhausted its usable life; I do not believe this is unreasonable in light of the services we provide and the short useful life of electronic equipment generally.

Concerning the claim that we derive economic benefit from transporting, warehousing, and reselling salvaged equipment at a profit, this issue needs to be put in context. Most of the Districts we provide services for are located in remote rural areas and have no reasonable means to recycle or dispose of old electronic equipment. Thus, in the past we have agreed as part of our scope of services to remove all the items that are being replaced, most of which (such as cabling, old monitors, printers, etc) have no value whatsoever and are expensive to transport back to Anchorage for disposal. Even 2 year old network equipment costs more to back-haul than it is worth in most cases. On rare occasion we identify items that are suitable for resale and do not believe it is improper to auction those items to partially offset our costs.

Allegation #6: Integrated Logic LLC provides entertainment and gifts to districts: this allows for the districts to remain content with the work provided.

Response: This is not accurate. We occasionally dine out with client representatives, sometimes on our tab, sometimes on theirs. We do not provide gifts or entertainment beyond that. While we value having positive relationships with clients, that is not a substitute for quality work. We provide functional networks, which is how we maintain positive client relationships.

Question #1 What is your relationship/association with Lower Yukon School District?

### SPECIAL COMPLIANCE REVIEW CERTIFICATION

I certify that I am authorized to make the representations set forth in the responses to the Special Compliance Review inquiry on behalf of **Integrated Logic LLC**, the entity represented on and responding to the Special Compliance Review inquiry, and am the most knowledgeable person with regard to the information set forth therein. I certify that the responses and supporting documentation to the Special Compliance Review inquiry are true and correct to the best of my knowledge, information and belief. I acknowledge that FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism are subject to suspension and debarment from the program.

I acknowledge that false statements can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001 and civil violations of the False Claims Act.

I declare under penalty of perjury that the foregoing is true and correct. Executed on \_\_\_\_ day of \_\_\_\_\_, 2010 at \_\_\_\_\_ [city],  
\_\_\_\_\_[state].

Signature		Date
Print Name	Title	
Employer		
Telephone Number	Fax Number	
Email Address		
Address		

01/17/2009 SULLIVANS- CHRIS(IL),ALEX(LYSD), BRANDON (computer hands)  
\$309.85

Meeting with Chris Johnson (Integrated Logic LLC), Alex Russin (Lower Yukon School District), and Brandon Shilson (Computer Hands). The meeting was to discuss the hardware requirements needed for the next Firstclass SMART upgrade. SMART is a proprietary student record keeping application suite developed by Computer Hands for LYSD. Integrated Logic supports the hardware that runs SMART in LYSD VMware cluster in their core. The coverage of the SMART hardware is a part of Integrated Logic's NON-eRate LAN/WAN maintenance contract.

02/25/2009 GLACIER BREWHOUSE CHRIS(IL), ALLEN (IL), JOSHUA(LYSD),  
\$212.80

Meeting to discuss LYSD annual teacher in-service. Every year LYSD holds an in-service for its new staff in Anchorage. The event requires that LYSD's network resources be extended to the in-service location. This event and the logistics around the WAN extension to it are covered by Integrated Logic's NON-eRate LAN/WAN maintenance contract.

07/17/2009 THE PEANUT FARM meal with LYSD and Redi Data Systems (Don  
Slifer) Chris Johnson (IL)

Discuss MOU school k-12 construction project  
\$77.00

07/29/2009 THE PEANUT FARM ALLEN(IL) CHRIS(IL) HARMONY(IL) DAVEY(LYSD)  
\$77.25

Meeting to discuss billing for finished and upcoming projects. This meeting was business overhead.

01/04/2010 Boston's Pizza Howard Beans (LYSD) , Josh Jerome (LYSD), Robert Jeffries (IL), Allen Chadwick (IL); new hire orientation for Robert, talk about logistics for erate maintenance project

71.40

The following were all in conjunction with the recent Integrated Logic / LYSD K-Box training. As part of Integrated Logic's NON-eRate LAN/WAN maintenance contract we assist the district in the design and delivery of workstation images. The district budgeted funds to purchase a KACE K-Box appliance to automate the imaging and application delivery process. As part of the purchase KACE included training. LYSD flew Joshua Jerome (current tech director), and Howard Beans (district IT staff) into Anchorage to attend the training at Integrated Logic's Palmer office.

02/07/2010 HUMPYS JOSH JEROME (LYSD) ALLEN(IL) HARMONY(IL) CHRIS(IL)  
\$65.49

02/08/2010 PIZZA ATHENA KBOX TRAINING LUNCH FOR EMPLOYEES \*\*LYSD IN  
OFFICE \$43.50

02/09/2010 FRED MEYER KBOX TRAINIGN LUNCH FOR EMPLOYEES \*\*LYSD  
IN OFFICE \$128.80

02/10/2010 TACO BELL KBOX TRAINING LUNCH FOR EMPLOYEES \*\*LYSD IN  
OFFICE \$44.69

02/23/2010 HUMPYS ALLEN(IL)/JOSH JEROME(LYSD)/GRANT GUY(LYSD) : talk  
about upcoming projects  
\$41.24

#### Polaris Ranger-

The 2005 Polaris Ranger was purchased by Chris Johnson June 14<sup>th</sup> 2007. The sale price was \$9,683.62.

The original reported price of the ranger was "Over \$15,000". In an effort to validate the reported original price I went to the local Polaris dealer. They reported to me the best way to determine the original purchase price with options would be to build a new one up with like options. The base cost of the ranger has gone down since 2005.

Utility Vehicle - Polaris - 2010 6x6



2005 Polaris Ranger™ 6x6

Base MSRP	\$9,999.00
Options Added	\$0.00
Total	\$9,999.00

Here is the BASE price of a 2005 Ranger per NADA.com. The web site offers no way to value the options, so I proceeded to the Polaris website.

# VIEW YOUR SUMMARY

Below is the information of your personally accessorized Polaris vehicle. Click on the Options button to print and bring into your local dealership for further information. Also ... Don't forget to add it to My Garage so it'll be there when you come back!

Options

ITEM	DESCRIPTION	PRICE	REMOVE
<b>Vehicle</b>			
Item Name: RANGER 500 - Sage Green Item Number: #R10T160AC		\$9,799.50	
<b>Cab Systems</b>			
Item Name: Polaris Poly Cab w/ Glass Windshield Item Numbers: #2878047, #2878048, #2878049, #2878050, #2877992-001, #2878064	Polaris Poly Cab w/ Glass Windshield	\$2,849.94	
<b>Front End Attachments</b>			
Item Name: Polaris 4,500 lbs Winch Item Number: #28770A2	Bring on the most heavy-duty loads. Those are exactly the jobs this powerful Winch was built for. It has a tough 1.5-hp motor and a 4,500-lb. rated pull for outstanding versatility. Sealed motor and gear train ensure flawless operation in extreme conditions. It comes wired specifically for Polaris RANGERS and it comes complete with a mini-rover control switch, shift and trigger second control, roller fairlead, hook and lead strap. It mounts behind the stock or accessory bumper and includes all mounting hardware and wiring.	\$699.99	
<b>Interior</b>			
Item Name: Cab Heater Kit Item Number: #2875067	Turn up the interior comfort on cool or cold days with this RANGER Heater. It installs easily under the dash and provides excellent heat and air movement to ensure rider comfort.	\$649.00	
<b>SUBTOTAL</b>		<b>\$13,938.91</b>	
<b>ESTIMATED MONTHLY PAYMENT</b>		<b>\$282.66</b>	

A new 2010 Ranger (\$200 less in base price than the 2005) with all of the options comes out to just under \$14,000.

FEATURES   SPECS   ACCESSORIES		RANGER 500 HO
<a href="#">PRINT</a>		<a href="#">ENGINE</a>   <a href="#">DRIVETRAIN</a>   <a href="#">SUSPENSION</a>   <a href="#">BRAKES</a>   <a href="#">TIRES/WHEELS</a> <a href="#">DIMENSIONS</a>   <a href="#">CAPACITIES</a>   <a href="#">INSTRUMENTATION</a>   <a href="#">COLORS</a>   <a href="#">MSRP</a>
Parking Brake	Hand-Actuated	
Wheelbase	76 in. (193 cm)	
Dry Weight	1,214 lb. (551 kg.)	
Length/Width/Height	114 in./60 in./76 in. (290 cm/ 152 cm/ 193 cm)	
Seat Height	N/A	
Ground Clearance	12 in. (30.5 cm)	

When the ranger was purchased it was in Mountain Village. Mountain Village is the location of the LYSD district office and is also geographically isolated. To fly standard freight into Mountain Village from Anchorage costs a base of \$1.80 per pound + taxes and fuel surcharges. Based simply on the base of \$1.80 per pound having the Ranger (1214 dry weight) already in Mountain Village added an additional \$2185.50 in value to me as I would have had to ship it there otherwise.

Jenny L. Martens  
 Director of Budget and Finance  
 Lower Yukon School District  
 907-591-2411  
[jmartens@loweryukon.org](mailto:jmartens@loweryukon.org)

"Cannan, Barbara" <[BCANNAN@sl.universalservice.org](mailto:BCANNAN@sl.universalservice.org)> on Thursday, August 11, 2011 at 10:18 AM -0900 wrote:  
 Date: August 11, 2011

Jenny Martens

Lower Yukon SD

Contact Phone Number 907-591-2411

Application Number(s) 632651, 632621 & 752462

We are in the process of reviewing Funding Year(s) 2008 and FY 2010 Form(s) 471 to ensure that they are in compliance with the rules of the Universal Service program.

FUND_YEAR	BEN	APPLICANT_NAME	STATE	F471_NO	FRN	SERVICE_PROVIDER
2008	145592	LOWER YUKON SCHOOL DISTRICT	AK	632651	1748588	Integrated Logic LLC
2008	145592	LOWER YUKON SCHOOL DISTRICT	AK	632621	1748539	Integrated Logic LLC
2010	145592	LOWER YUKON SCHOOL DISTRICT	AK	752462	2033443	Integrated Logic LLC

Based on the documentation that has been provided to USAC, the entire FRNs listed above will be denied because Lower Yukon School District did not conduct a fair and open competitive bidding process. The Form 470 associated with all the FRNs listed above was posted on 12/28/2007 with an Allowable Contract Date of 1/25/2008]. The documentation indicates that prior to signing the FY2008 E-rate contract with Integrated Logic, Lower Yukon and Integrated Logic had a pre-existing contract. Integrated Logic has told USAC in their 4/10/2010 response that "Integrated Logic was contracted to provide network LAN WAN maintenance, design and implementation of technology solutions" before they were selected to provide the services for

8/18/2011

Exhibit 11  
 Page 1 of 5



the LYSD FRNs at issue. In addition, Integrated Logic purchased a 2005 Polaris Ranger from Lower Yukon on 6/14/2007. The fact that Integrated Logic and Lower Yukon had a pre-existing relationship demonstrates that Integrated Logic had inside information regarding your needs and details about your procurement process, thus making the competitive bidding process for these FRNS unfair. In addition the school district engaged in numerous meetings and discussions with Integrated Logic prior to the posting of the Form 470 and throughout the competitive bidding process which taints the competitive bidding process.

FCC rules require applicants to conduct a fair and open competitive bidding process free from conflicts of interest. *See Request for Review of the Decision of the Universal Service Administrator by Ysleta Independent School District, El Paso, Texas, et al, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, SLD Nos. 321479, 317242, 317016, 311465, 317452, 315362, 309005, 317363, 314879, 305340, 315578, 318522, 315678, 306050, 331487, 320461, CC Docket Nos. 96-45, 97-21, Order, 19 FCC Rcd 6858, ¶ 60 (2003) ("Ysleta Order"); *See also Request for Review of Decisions of the Universal Service Administrator by MasterMind Internet Services, Inc., Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Order, 16 FCC Rcd 4028-4032-33, ¶ 10 (2000); *Request for Review of Decisions of the Universal Service Administrator by SEND Technologies LLC, Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, DA 07-1270 (2007); *Request for Review of Decisions of the Universal Service Administrator by Caldwell Parish School District, et al., Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, DA 08-449 (2008)(Caldwell Parish). Applicants cannot reveal to one prospective service provider information they do not provide to all. *See Caldwell Parish*, ¶ 16. Service providers are prohibited from filling out forms that require an applicant's signature and the 470 must be complete by the entity that will negotiate with prospective service providers. *See Caldwell Parish*, ¶ 17.

2010	145592	LOWER YUKON SCHOOL DISTRICT	AK	752462	2033443	Integrated Logic LLC
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Based on the documentation that you have provided, the entire FRN **2033443** will be denied because you did not conduct a fair and open competitive bid process free from conflicts of interest. The documentation you provided indicates that throughout your contractual relationship with the service provider you have selected to provide services for this FRN, you were offered and accepted valuable **gratuities, entertainment** from the service provider.

Specifically, there were several meals that occurred during Jan 2010-Feb 2010 between Integrated Logic and Lower Yukon. The meals are listed below:

Date	Location	Total	Number of Attendees	Lower Yukon employees who attended	Total for LK Employees
1/4/2010	Boston's Pizza	\$71.40	4	Joshua Jerome, Howard Beans	\$ 35.70
2/7/2010	Humpys	\$ 65.49	5	Joshua Jerome	\$ 13.10
2/8/2010	Pizza Athena	\$ 43.50	9	Joshua Jerome, Howard Beans	\$ 9.66
2/9/2010	Fred Meyer	\$ 128.80	9	Joshua Jerome, Howard Beans	\$ 28.62
2/10/2010	Taco Bell	\$ 44.69	9	Joshua Jerome, Howard Beans	\$ 9.94
2/23/2010	Humpys	\$ 41.24	3	Joshua Jerome, Grant Guy	\$ 27.50
					\$ 124.52

These **meals** show that you engaged in non-competitive bidding practices in violation of program rules. For additional guidance regarding the competitive bidding process, please refer to the USAC website at: <http://www.usac.org/sl/applicants/step03/run-open-fair-competition.aspx>.

If the FRNs should not be denied and you have alternative information, please provide the supporting documentation and sign the certification below.

If you fail to respond to this email within 7 days, we will perform the action(s) listed above.

Should you wish to cancel your Form 471 application(s), or any of your individual funding requests, please clearly indicate in your response that it is your intention to cancel an application or funding request(s). Include in any cancellation request the Form 471 application number(s) and/or funding request number(s), and the complete name, title and signature of the authorized individual.

Thank you for your cooperation and continued support of the Universal Service Program.

Barbara Cannan

USAC, Schools and Libraries Division

Phone: 973-581-5070

8/18/2011

Fax: 973-599-6552

[bcannan@sl.universalservice.org](mailto:bcannan@sl.universalservice.org)

CERTIFICATION	
<p>I certify that I am authorized to make the representations set forth in the responses to the inquiry on behalf of <b>Lower Yukon SD</b> the entity represented on and responding to the inquiry, and am the most knowledgeable person with regard to the information set forth therein. I certify that the responses and supporting documentation to the inquiry are true and correct to the best of my knowledge, information and belief. I acknowledge that FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism are subject to suspension and debarment from the program. I acknowledge that false statements can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001 and civil violations of the False Claims Act.</p> <p>I declare under penalty of perjury that the foregoing is true and correct. Executed on ____ day of _____, 2011 at _____ [city], _____ [state].</p>	
Signature	Date
Print Name	Title
Employer	

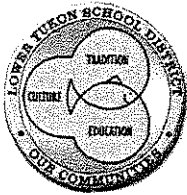
8/18/2011

Exhibit 11  
Page 4 of 5

Telephone Number	Fax Number
Email Address	
Address	

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# LOWER YUKON SCHOOL DISTRICT

P.O. Box 32089 • Mountain Village, Alaska 99632

Phone: (907) 591-2411 Fax: (907) 591-2449

**Ray Alstrom**  
Chairman

**John Lamont**  
Superintendent

August 25, 2011

Subject: FRNs 1748588, 1748539, 2033443  
Corresponding Form 471 Application Nos. 632651, 632621, 752462

Dear Ms. Cannan:

This email is in response to your email dated August 11, 2011, regarding the above-stated Applications/FRNs. Your email asserts that those FRNs "will be denied." However, you have offered the District an opportunity to provide "alternative information" demonstrating that those FRNs should not be denied. You initially gave the District seven days to provide such information. At the District's request, you extended that deadline until August 29, 2011.

This email is divided into three sections. First, an introductory section will discuss USAC's review process. A second section will discuss USAC's stated reasons for denial of the FRNs. Finally, the email concludes with a section which will clearly, simply and definitively state the District's position.

## **I. INTRODUCTION**

The Lower Yukon School District does not dispute or question the right of USAC to review the District's funding requests to ensure compliance with program rules. However, the methodology used by USAC to achieve that review has displayed a level of arbitrariness, unprofessionalism, arrogance, and lack of accountability that is extremely troublesome and disturbing.

USAC has implied through its actions that decent, hardworking employees of the Lower Yukon School District are unethical, unprofessional, incompetent, and dishonest. The USAC may well hide behind its assertion that it is obligated to investigate concerns brought to its attention. However, the method it used, the failure to disclose the source of those concerns, the failure to provide any evidence of those concerns, and the failure to acknowledge, even in the May 11, 2011, email, that those concerns were not supported by evidence and were baseless, displays an appalling lack of decency.

The allegations made against the District by USAC in its review include, but are not limited to, the following:

1. The Superintendent told school employees to not to perform their work so that Integrated Logic, LLC could perform the work and charge high rates.
2. The Superintendent and/or Business Manager would not keep bids from other vendors and therefore no competing bids would be reviewed.
3. The Superintendent works as a consultant for Integrated Logic, LLC.
4. The Superintendent and Business Manager regularly visit Integrated Logic, LLC to be entertained and receive gifts.
5. The Superintendent told school employees to pay Integrated Logic, LLC, in payments of around \$20,000 each to avoid unnecessary Board attention since the district only has to report expenditures of over \$50,000 to the Board.
6. Members of Integrated Logic, LLC have family members working for the District.
7. Integrated Logic, LLC pays school employees monthly to be part of a process to obtain funds through the Schools and Libraries Program.
8. The Superintendent for the Lower Yukon School District works as a consultant for Integrated Logic, LLC.
9. Integrated Logic, LLC actually wrote the District's technology plan.

It does not come as surprise that not one of those allegations is presented as a reason for the impending denial of the FRNs by USAC. Yet, as discussed above, USAC lacks the common decency to at a minimum state that those allegations are baseless. Nor has USAC advised the District that it has investigated the source of those allegations, (a source that remains unknown to the Lower Yukon School District), to determine the motives behind those allegations and to determine if there is any appropriate action that USAC can take against an individual or entity that makes such allegations without any substantiating evidence.

## **II. USAC's REASONS FOR DENIAL**

In its May 11, 2011, email, the following five reasons were asserted for the impending denial of the FRNs as justification for the conclusory statement that the "Lower Yukon School District did not conduct a fair and open competitive bidding process." Each reason for denial is followed by the District's response to that denial.

1. *"The Form 470 associated with all the FRNs...was posted on 12/28/07 with an Allowable Contract Date of 1/25/08. The documentation indicates that prior to signing the*

*FY2008 E-rate contract with Integrated Logic, Lower Yukon and Integrated Logic had a pre-existing contract. Integrated Logic has told USAC in their 4/10/10 response that 'Integrated Logic was contracted to provide Network LAN WAN maintenance, design and implementation of technology solutions' before they were selected to provide the services for the LYSD FRNs at issue."*

District's Response:

The District denies that Integrated Logic was contracted to provide Network LAN WAN maintenance, design and implementation of technology solutions before it was selected to provide the services for the FRNs at issue. The contracts with Integrated Logic for the services for the FRNs at issue, were entered into on 2/4/08. The contracts were entered into after the allowable contract date of 1/25/08, and before filing the Form 471.

Considering that USAC's review has extended for at least 16 months, why hasn't it requested and obtained from Integrated Logic a copy of the alleged contract that USAC considers so strongly as the reason for its impending denial of the District's FRNs? If such a contract exists, please provide a copy, and provide the District with additional time to review and respond as to its authenticity and import.

2. *"In addition, Integrated Logic purchased a 2005 Polaris Ranger from Lower Yukon on 6/14/07.*

District's Response:

A copy of a document provided by Integrated Logic to Jennifer Baumann at USAC states that "The 2005 Polaris Ranger was purchased by Chris Johnson June 14<sup>th</sup>, 2007. The sale price was \$9,683.62."

The District denies that it sold to Integrated Logic and/or Chris Johnson a 2005 Polaris Ranger on 6/14/07. Again, based upon the length of USAC's review, the District would assume that USAC has obtained from Integrated Logic a Purchase Order or a cancelled check reflecting that purchase. If USAC has any such documents, please provide them, and further provide the District with an opportunity to review and further respond before carrying through with its impending denial.

3. *"The fact that Integrated Logic and Lower Yukon has a pre-existing relationship demonstrates that Integrated Logic had inside information regarding your needs and details about your procurement process, thus making the competitive bidding process for these FRNS unfair."*

District's Response:

In addition to its response above under Paragraph 1 of this section, the District notes that USAC's assertion is conclusory in nature and that the only factual premise for its conclusion of unfairness in the competitive bidding process is that the District "had a pre-existing relationship"

with Integrated Logic. UCAS does not state with any specificity what “inside information” Integrated Logic possessed based upon that pre-existing relationship. What information regarding the District’s “needs” and what “details” relating to the procurement process did Integrated Logic have that was not openly available to any other prospective vendor?

The District’s Requests for Proposals related to the FRNs at issue are detailed and exceedingly informative as to the services the District was seeking. The Request for Proposals for Internal Connections informs prospective vendors that “LYSD seeks Internal Connections to supplement an existing infrastructure that is an end-to-end solution meeting an ever-growing educational technology environment. Since there is an existing infrastructure, it is expected that Providers will match or better items already in place in scope and brand.” (emphasis added). That RFP required prospective vendors to not only visit each site but to attend a pre-bid meeting to discuss items that would “include but will not be limited to: Documentation Examples, Hardware Overviews Educational Technology Planning, and Proprietary LYSD Technology Information.” The Request for Proposals for Basic Maintenance for Internal Connections painstakingly documented existing District E-Rate eligible hardware and services.

USAC cites to a number of FCC decisions supporting the general proposition that the District was required to conduct a fair and open competitive bidding process free from conflicts of interest. The District has never denied that proposition. However, the District vehemently denies that USAC has provided evidence that it did not act in such a manner.

The decisions cited by USAC do not support USAC’s impending denial of the FRNs at issue. In all the cases cited by USAC, investigations revealed that there had in fact been improper third party involvement in the bidding process, resulting in a violation of the FCC’s requirement that there be a fair and open competitive bidding process. For example, USAC cites *Caldwell Parrish* for the proposition that “[a]pplicants cannot reveal to one prospective service provider information they do not provide to all.”<sup>1</sup> In that case, the evidence specifically established that the service provider helped the Jackson Parrish School District in determining the type of E-Rate services to seek, allowing the District to essentially tailor the Form 470 to the exact services that particular service provider offered.<sup>2</sup>

USAC also cites *MasterMind* for the proposition that competitive bidding requirements are violated when a school or library eligible for E-Rate subsidies “surrenders control of the bidding process to a service provider that participates in that bidding process.”<sup>3</sup> Among the undisputed facts in the case was that a MasterMind employee was the contact person on the Form 470, and that MasterMind prepared and distributed RFPs to potential bidders.<sup>4</sup>

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<sup>1</sup> *Request for Review of Decisions of the Universal Service Administrator by Caldwell Parrish School District, et al.*, Schools and Libraries Universal Service Support Mechanism, FCC Docket No. 02-6, Order, DA 08-449, at ¶ 16 (2008).

<sup>2</sup> *Id.* at ¶ 17.

<sup>3</sup> *Request for Review of Decisions of the Universal Service Administrator by MasterMind Internet Services, Inc.*, Federal State Joint Board on Universal Service, FCC Docket No. 96-45, Order, 16 FCC RCD 4028, 4032-33, at ¶ 10 (2000).

<sup>4</sup> *Id.* at ¶ 10.



Here, USAC has provided no evidence of any involvement by Integrated Logic in the competitive bidding process for the FRNs at issue, no evidence that the District provided Integrated Logic with any information that was not provided to all bidders, or that LYSD surrendered control of the bidding process to Integrated Logic. No such improper involvement in fact took place. Denial of the relevant FRNs on this basis is unjustified.

4. *"In addition the school district engaged in numerous meetings and discussions with Integrated Logic prior to the posting of the Form 470 and throughout the competitive bidding process which taints the compensative bidding process."*

District's Response:

Basic fairness requires USAC to provide the District with specific information as to those "numerous meetings and discussions." When were they held? What was discussed? Who was present? How did those discussions taint the competitive bidding process that occurred in late December 2007 through early February 2008? It is important to note that the 2007-2008 competitive bidding time-frame is also applicable to FRN 2033443, because Application No. 752462 filed in 2010, was merely seeking funding for the third year of Integrated Logic's 2008 contract. As is the case above, USAC has not demonstrated that these alleged meetings and discussions have actually resulted in any diminishing of the required fair and open competitive bidding process. Denial of the relevant FRNs on this basis is unjustified.

5. *"Specifically, there were several meals that occurred during Jan. 2010 – Feb. 2010 between Integrated Logic and Lower Yukon... These meals show that you engaged in non-competitive bidding practices in violation of program rules."*

District's Response:

USAC itemizes six separate meals allegedly received by District employees with a total cost of \$124.52. Assuming that information is entirely accurate, which the District disputes, eleven separate meals were purchased for those District Employees at an average cost of \$11.32 per meal, per employee.

As is the case above, USAC has not demonstrated that these meals have had any effect whatsoever on the required fair and open competitive bidding process. The meals asserted by USAC as constituting non-competitive bidding practices for the FRNs at issue occurred approximately two years after the RFPs were issued, the proposals evaluated, the contract awarded, and the contract executed. As the District previously advised USAC, Howard Beans did not have any involvement, in any way, with the E-Rate RFP, proposals, selection, or awarding of the contract to Integrated Logic that occurred in 2008, and which is at issue with USAC. In addition, Mr. Jerome's employment with the District did not even commence until July 1, 2008, so he clearly had no involvement whatsoever in the competitive bidding practice that had occurred approximately six months earlier. Thus, these meals could not possibly have had any effect on the competitive bidding process. In the District's July 10, 2011, response to USAC's request dated May 26, 2011, the District asserted that any meals provided by Integrated

Logic could not “have undue or improper influence” on the procurement decisions regarding the FRNs at issue because they occurred approximately two years later. USAC’s August 11, 2011, email completely ignores this reality.

Even disregarding the above facts, there is no evidence that these meals actually demonstrate that the District engaged in non-competitive bidding practices. As a preliminary matter, the District would like to note that all of these meals occurred prior to the Federal Communication Commission’s issuance of its Sixth Report And Order released September 28, 2010. In that Order, the FCC acknowledged that it was amending its rules “to prohibit E-Rate applicants from soliciting or accepting any gift or other thing of value from a service provider participating in or seeking to participate in the E-Rate program.”<sup>5</sup> Clarification of that Order occurred in a subsequent Order released December 15, 2010.<sup>6</sup>

These rules did not go into effect until January 3, 2011.<sup>7</sup> Thus, at the time these meals occurred, there was no explicit prohibition on gifts. Even examining these meals through the lens of the new FCC gift rule, currently set forth in 47 C.F.R. § 54.503(d), however, they could hardly be deemed egregious or improper. The new rules permit accepting meals (and other items with little intrinsic value) as long as their cost does not exceed \$20 per meal or \$50 per recipient per year.<sup>8</sup> According to our calculations based on the amounts alleged in the August 11, 2011 email, none of these meals exceeds the \$20 per meal limit, and the \$50 per year limit is exceeded only with respect to Joshua Jerome, by no more than \$19. The District reiterates that these gift rules do not actually apply to the transactions at issue—but these calculations demonstrate that the value of the meals in question only marginally exceeds the amount deemed irrelevant under the new rules. It is highly unlikely that this \$19 overage could have resulted in an improper “tainting” of the competitive bidding process.

Under the former FCC rules regarding competitive bidding, which were in effect at the time the meals occurred, there is no precedent for denying an FRN based on the type of *de minimis* gifts represented by the meals in question. The District is aware of only one FCC decision which even mentions allegedly improper gifts—in that decision, the FCC denied a service provider’s request for payment for work performed, in a case where employees of the district and the service provider had been convicted on federal corruption charges for a bribery and money laundering scheme related to E-rate contracts.<sup>9</sup> The vast majority of the FCC decisions regarding competitive bidding deal with improper third party involvement in the bidding process, including all the cases cited by USAC in the August 11, 2011 letter. Indeed, all of the training materials dealing with competitive bidding on USAC’s website, which are also referenced in the August 11, 2011 letter, are limited to advice regarding maintaining a fair and

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<sup>5</sup> Sixth Report and Order, ¶ 88 at p. 40.

<sup>6</sup> Order, December 15, 2010, FCC Docket No. 02-6, DA 2355, at ¶¶ 8-14.

<sup>7</sup> *Id.* at ¶ 16 n.10.

<sup>8</sup> 47 C.F.R. § 54.503(d)(1).

<sup>9</sup> *Request for Review of Decisions of the Universal Service Administrator by Lazo Technologies, Inc., et al., Schools and Libraries Universal Service Support Mechanism*, FCC Docket No. 02-6, DA 09-1797 at ¶ 6 (2009).

open competitive bidding process by keeping service providers at a safe distance from the bidding process.<sup>10</sup>

In sum, as noted above, USAC has not demonstrated that these meals have had any affect whatsoever on the required fair and open competitive bidding process. Thus, denial of the FRNs in question on this basis is unjustified.

### III. CONCLUSION

In sum, for the reasons explained above, USAC has no basis for denying the relevant FRNs based on alleged violations of the required fair and open competitive bidding process.

Based upon USAC's conduct to date in this matter, the District assumes that it will ultimately have to file an appeal with the Federal Communications Commission in order to secure funding for the FRNs at issue. Hopefully that will not become necessary, but it is important for the District to tell its side of the story now so that others may understand the source of its frustration, including the harmful consequences to its educational program when District general operating funds must be used in place of E-Rate subsidies in order for these essential services in rural Alaska to continue.

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<sup>10</sup> See, e.g., *Program Compliance: Helping You Succeed – Schools and Libraries*, available at [http://usac.org/\\_res/documents/sl/ppt/2009-training/2009%20Program%20Compliance.ppt](http://usac.org/_res/documents/sl/ppt/2009-training/2009%20Program%20Compliance.ppt). Only the most recent training materials, dated in 2010 and based on the new FCC rules, make any mention of gifts as a potential conflict of interest. See *E-Rate Program: Program Compliance – Fall 2010 Applicant Trainings*, available at [http://usac.org/\\_res/documents/sl/pdf/2010\\_training/Applicant-Program-Compliance.pdf](http://usac.org/_res/documents/sl/pdf/2010_training/Applicant-Program-Compliance.pdf).

From: "Cannan, Barbara" <BCANNAN@sl.universalservice.org> 8/11/2011 10:18:19 ...  
Subject: Integrated Logic funding requests  
To: Jenny Martens  
Attachments: Attach0.html / Uploaded File 43K

Date: August 11, 2011

Jenny Martens

Lower Yukon SD

Contact Phone Number 907-591-2411

Application Number(s) 632651, 632621 & 752462

We are in the process of reviewing Funding Year(s) 2008 and FY 2010 Form(s) 471 to ensure that they are in compliance with the rules of the Universal Service program.

FUND_Y	BEN	APPLICANT NAME	STATE	F471_NO	FRN	SERVICE PROVIDER
2008	145592	LOWER YUKON SCHOOL DISTRICT	AK	632651	1748588	Integrated Logic LLC
2008	145592	LOWER YUKON SCHOOL DISTRICT	AK	632621	1748539	Integrated Logic LLC
2010	145592	LOWER YUKON SCHOOL DISTRICT	AK	752462	2033443	Integrated Logic LLC

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Based on the documentation that has been provided to USAC, the entire FRNs listed above will be denied because Lower Yukon School District did not conduct a fair and open competitive bidding process. The Form 470 associated with all the FRNs listed above was posted on 12/28/2007 with an Allowable Contract Date of 1/25/2008. The documentation indicates that prior to signing the FY2008 E-rate contract with Integrated Logic, Lower Yukon and Integrated Logic had a pre-existing contract. Integrated Logic has told USAC in their 4/10/2010 response that "Integrated Logic was contracted to provide network LAN WAN maintenance, design and implementation of technology solutions" before they were selected to provide the services for the LYSD FRNs at issue. In addition, Integrated Logic purchased a 2005 Polaris Ranger from Lower Yukon on 6/14/2007. The fact that Integrated Logic and Lower Yukon had a pre-existing relationship demonstrates that Integrated Logic had inside information regarding your needs and details about your procurement process, thus making the competitive bidding process for these FRNs unfair. In addition the school district engaged in numerous meetings and discussions with Integrated Logic prior to the posting of the Form 470 and throughout the competitive bidding process which taints the competitive bidding process.

FCC rules require applicants to conduct a fair and open competitive bidding process free from conflicts of interest. See *Request for Review of the Decision of the Universal Service Administrator by Ysleta Independent School District, El Paso, Texas, et al, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, SLD Nos. 321479, 317242, 317016, 311465, 317452, 315362, 309005, 317363, 31487, 305340, 315578, 318522, 315678, 306050, 331487, 320461, CC Docket Nos. 96-45, 97-21, Order, 19 FCC Rcd 6858, ¶ 60 (2003) ("Ysleta Order"); See also *Request for Review of Decisions of the Universal Service Administrator by MasterMind Internet Services, Inc., Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Order, 16 FCC Rcd 4028-4032-33, ¶ 10 (2000); *Request for Review of Decisions of the Universal Service Administrator by SEND Technologies LLC, Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, DA 07-1270 (2007); *Request for Review of Decisions of the Universal Service Administrator by Caldwell Parish School District, et al., Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, DA 08-449 (2008)(Caldwell Parish). Applicants cannot reveal to one prospective service provider information they do not provide to all. See Caldwell Parish, ¶ 16. Service providers are prohibited from filling out forms that require an applicant's signature and the 470 must be complete by the entity that will negotiate with prospective service providers. See Caldwell Parish, ¶ 17.

2010	145592	LOWER YUKON SCHOOL DISTRICT	AK	752462	2033443	Integrated Logic LLC
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Based on the documentation that you have provided, the entire FRN 2033443 will be denied

because you did not conduct a fair and open competitive bid process free from conflicts of interest. The documentation you provided indicates that throughout your contractual relationship with the service provider you have selected to provide services for this FRN, you were offered and accepted valuable **gratuities, entertainment** from the service provider.

Specifically, there were several meals that occurred during Jan 2010-Feb 2010 between Integrated Logic and Lower Yukon. The meals are listed below:

Date	Location	Total	Number of Attendees	Lower Yukon employees who attended	Total for LK Employees
1/4/2010	Boston's Pizza	\$71.40	4	Joshua Jerome, Howard Beans	\$ 35.70
2/7/2010	Humpys	\$ 65.49	5	Joshua Jerome	\$ 13.10
2/8/2010	Pizza Athena	\$ 43.50	9	Joshua Jerome, Howard Beans	\$ 9.66
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2/10/2010	Taco Bell	\$ 44.69	9	Joshua Jerome, Howard Beans	\$ 9.94
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					\$ 124.52

These **meals** show that you engaged in non-competitive bidding practices in violation of program rules. For additional guidance regarding the competitive bidding process, please refer to the USAC website at: <http://www.usac.org/sl/applicants/step03/run-open-fair-competition.aspx>.

If the FRNs should not be denied and you have alternative information, please provide the supporting documentation and sign the certification below.

If you fail to respond to this email within 7 days, we will perform the action(s) listed above.

Should you wish to cancel your Form 471 application(s), or any of your individual funding requests, please clearly indicate in your response that it is your intention to cancel an application or funding request(s). Include in any cancellation request the Form 471 application number(s) and/or funding request number(s), and the complete name, title and signature of the authorized individual.

Thank you for your cooperation and continued support of the Universal Service Program.

Barbara Cannan

USAC, Schools and Libraries Division

Phone: 973-581-5070

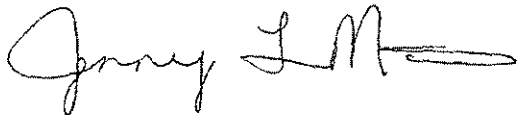
Fax: 973-599-6552

[bcannan@sl.universalservice.org](mailto:bcannan@sl.universalservice.org)

I certify that I am authorized to make the representations set forth in the responses to the inquiry on behalf of **Lower Yukon SD** the entity represented on and responding to the inquiry, and am the most knowledgeable person with regard to the information set forth therein. I certify that the responses and supporting documentation to the inquiry are true and correct to the best of my knowledge, information and belief. I acknowledge that FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism are subject to suspension and debarment from the program. I acknowledge that false statements can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001 and civil violations of the False Claims Act.

I declare under penalty of perjury that the foregoing is true and correct. Executed on 25<sup>th</sup> day of August, 2011 at Mt Village [city], Alaska [state].

Signature



Date

8/25/2011

Print Name

Jenny L Martens

Title

Director of Budget + Finance

Employer

Lower Yukon School District

Telephone Number

907-591-2411

Fax Number

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Email Address

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Mt Village, AK 99632



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# LUKAS, NACE, GUTIERREZ & SACHS, LLP

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HON. GERALD S. MCGOWAN\*  
TAMARA DAVIS BROWN\*  
JEFFREY A. MITCHELL  
ROBERT S. KOPPEL\*

\*NOT ADMITTED IN VA

September 9, 2011

Johnnay Schreiber, Esq.  
USAC  
2000 L Street, N.W., Suite 200  
Washington, D.C. 20036

Subject: FRNs 1748588, 1748539, 2033443  
Corresponding Form 471 Application Nos. 632651, 632621, 752462

Dear Ms. Schreiber:

As you know, we represent Integrated Logic ("IL") in connection with USAC's special compliance review of the above referenced funding request numbers ("FRNs"). On August 26, 2011, you provided me with an August 11, 2011 USAC Notice of Intent to Deny Funding for FRNs issued to the Lower Yukon School District ("LYSD") representing \$3,302,065 in total support ("USAC Notice"). The reason USAC provided for the denial was that LYSD "did not conduct a fair and open competitive bidding process" in selecting IL as the service provider. You indicated IL would have 15 calendar days (from August 26) to respond. We appreciate this opportunity.

## Executive Summary

Integrated Logic has fully cooperated with USAC at every step of this 16-month investigation and welcomes its conclusion. However, USAC makes four factual conclusions that fail to adequately support its proposed decision:

- Despite a clear FCC policy statement to the contrary, USAC assumed that a pre-existing contract for technology services between the school and IL – alone, with no other evidence – gave IL unfair inside information that tainted the competitive bidding process.<sup>1</sup> This despite the LYSD-submitted evidence showing that all potential bidders

<sup>1</sup> See *Schools and Libraries Universal Service Support Mechanism, A National Broadband Plan For Our Future*, CC Docket No. 02-6, GN Docket No. 09-51, Sixth Report and Order, FCC 10-175, ¶ 86 n.249 (2010) ("Sixth RO") ("We also clarify here that an existing relationship between an applicant and its existing service provider does not violate the rule that the competitive bidding process remain fair and open").

had access to any and all information necessary for an effective bid. Nothing in the record contradicts this.<sup>2</sup>

- Without explanation or evidence USAC concluded that the fair-price purchase of a used all-terrain vehicle from a former school district employee tainted a competitive bidding process that occurred six months later.
- Without identifying a single meeting or discussion, USAC found that “numerous meetings and discussions occurred” between IL and LYSD prior to and after posting of the Form 470 that tainted the competitive bidding process.
- Without explanation USAC concluded that \$124.52 in meals paid for by IL over two months in 2010 for four LYSD employees – putting only one employee \$19 over the new annual gift limit – tainted LYSD’s decision to renew an Internal Connections Maintenance contract that had been competitively bid more than two years earlier.<sup>3</sup>

It is long-established that administrative decision-making must be based on “substantial evidence” and must be the product of reasoned analysis. The USAC Notice provides neither substantial evidence nor reasoned analysis, and thus raises serious due process concerns.

Issuing an unsupported decision that a competitive bidding violation occurred will compound the reputational and financial harm inflicted on Integrated Logic and the Lower Yukon School District by the original allegations – allegations that were baseless, and now appear to have been proven so. Accordingly, Integrated Logic respectfully requests USAC withdraw its proposed decision. Alternatively, we urge USAC to issue specific fact-supported findings concerning (1) each of the original allegations and (2) the actual competitive bidding process that took place in this case.<sup>4</sup>

### Introduction

Competitive bidding has always been at the heart of the Schools and Libraries program, ensuring that scarce Universal Service funds are utilized as efficiently as possible. As the permanent Administrator of the Schools and Libraries Program (a.k.a. “E-rate”), USAC has responsibility for assuring the integrity of the program, including the competitive bidding processes used by applicants. We recognize that special compliance reviews such as this one are important tools used by USAC to fulfill this responsibility.

In this case USAC spent over 16 months requesting, receiving, and analyzing information provided by IL, LYSD, and unknown other parties in connection with the above referenced

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<sup>2</sup> See Letter from LYSD to Barbara Cannan, USAC, at 4 (August 25, 2011) (“LYSD Response”).

<sup>3</sup> See LYSD Response at 6.

<sup>4</sup> See *Requests for Review of Decisions of the Universal Service Administrator by Caldwell Parish School District, et al. Columbia, Louisiana*, Order, CC Docket 02-6, 23 FCC Rcd 2784, ¶ 2 (2008) (“[W]e direct USAC to conduct further investigation and analysis prior to denying funding for suspected competitive bidding violations of the type addressed herein.”) (“*Caldwell Parish*”); see also *Request for Review of the Decision of the Universal Service Administrator by Academy of Careers and Technologies, et al.*, Order, CC Docket 02-6, 21 FCC Rcd 5348, ¶¶ 6-7 (2006) (USAC erred in presuming competitive bidding violations without sufficient applicant-specific factual analysis) (“*Academy of Careers and Technologies*”).

FRNs. IL has fully cooperated with this process. Indeed, IL's complete faith in the process is illustrated by the fact IL employees offered USAC significant amounts of information beyond what was relevant to the inquiry. IL's goal was to provide all of their available information and trust that USAC would be fair in sorting it all out. IL continues to trust this will be the case.

Unfortunately, USAC's proposed decision does not reflect a rigorous or fair process. USAC's proposed decision lacks detailed factual findings and logical analysis supporting its conclusions. This is a serious problem and represents a fundamental lack of due process. Indeed, it is bedrock administrative law that decisions such as this must be based on "substantial evidence" and "reasoned decision-making" that connects the evidence to the ultimate conclusion.<sup>5</sup>

Instead, after a 16-month investigation that, when initiated, announced that it would address a list of extremely serious (and outrageous) charges against LYSD and IL, USAC's proposed decision makes no mention and provides no disposition of the original charges. While USAC nevertheless concludes the LYSD competitive bid process was not fair and open, the USAC Notice fails to explain how this conclusion flows logically from the minimal factual findings USAC has made.

For example, USAC cites the June 2007 purchase of a used all-terrain vehicle from a former LYSD employee. USAC does not explain how this purchase – from someone not employed by LYSD at that time or after – may have affected or influenced a bid process that took place six months later.

The failure to explain any connection between the vehicle purchase and the competitive bid process is just one example of how the proposed decision does not meet the most basic requirements of administrative decision making. This lack of substance is particularly notable given the amount of time USAC has taken to conduct and conclude this investigation.

Below we summarize the factual background, provide further examples where USAC has not adequately explained the reasons and bases for its decision, and again raise concerns that USAC is presuming a competitive bid violation based solely on IL's pre-existing contractual relationship with LYSD despite clear FCC guidance to the contrary.

#### Factual Background

USAC's investigation in this matter commenced with a letter dated March 30, 2010, addressed to IL manager Chris Johnson explaining that "[c]oncerns were recently brought to USAC's attention" regarding LYSD funding requests in which IL was the selected service provider. As the basis for these concerns, USAC identified the following allegations: IL employees "have a personal relationship" with a former LYSD Technology Director; IL "pays [LYSD] employees monthly" to participate in the E-rate funding process; IL "significantly overcharges" schools for E-rate supported services; IL employs the Superintendent of LYSD as a paid consultant; IL charges schools to remove old but still useful equipment that it then resells; and IL influences

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<sup>5</sup> See, e.g., *Greater Boston Television Corp. v. FCC*, 444 F.2d 841, 852 (D.C. Cir. 1970) (the requirement of "reasoned decision-making" in administrative decisions "remains a requirement of our law."), *cert. denied*, 91 S. Ct. 2229, 2233 (1971); see also, e.g., *Wisconsin Valley Improvement Co. v. FERC*, 236 F.3d 738, 745 (D.C. Cir. 2001) (administrative decisions are arbitrary and capricious where factual determinations lack substantial evidence).

school districts by providing entertainment and gifts. USAC asked IL for responses to these allegations and posed a series of questions specifically about the Funding Year ("FY") 2008 FRNs noted above and about the relationship between IL and LYSD employees.

IL provided a certified response to USAC's inquiry on April 6, 2010, categorically denying all of the allegations. However, IL disclosed, among other things, the purchase in June 2007 of a used vehicle from former LYSD Technology Director David Reilly. IL explained how the purchase price was appropriate given the age and type of vehicle but clearly noted the purchase occurred after Mr. Reilly had resigned from LYSD.<sup>6</sup> Regarding "entertainment and gifts", IL explained that it dined with clients "sometimes on our tab, sometimes on theirs," but that this was incidental to the relationships which were based on providing "functional networks" and "quality work." IL also indicated that prior to the 2008 FRNs IL "was contracted [with LYSD] to provide . . . network LAN WAN maintenance, design and implementation of technology solutions."

On April 9, 2010, USAC issued a further information request addressing the vehicle purchase and the shared meals. IL responded with the requested information on or about April 26, 2010. Over seven months later, in an e-mail December 16, 2010, USAC issued another information request which included the following question (emphasis supplied):

You were previously asked to provide a description of the relationship/association with all members of [IL] and [LYSD], prior to and during the competitive bidding process that resulted in the contract underlying the request shown on FY 2008 FCC Form 471 application #632621, FRNs 1748539 and 1748588. Your response was that before the contracts were awarded, [IL] was already contracted to provide network LAN WAN maintenance, design and implementation of technology solutions. *By already having this contract there [was] a relationship with [LYSD] prior to the competitive bidding that would unfairly influence the outcome of the competition.* How was this conflict mitigated?

IL responded on December 31, 2010, explaining, among other things, that IL "did not participate in [LYSD's] bid evaluation in any way" and questioning whether a conflict could arise "solely because an incumbent service provider submits a bid."

On April 4, 2011, USAC inquired again about the 2007 vehicle purchase. Specifically, USAC asked IL to "explain how this purchase [of the vehicle] is relevant to our review of [LYSD] and the competitive bidding process." On April 7, 2011, IL responded "we do not believe the purchase [of the vehicle] is relevant to the LYSD competitive bidding process" and that "we disclosed the purchase . . . out of an abundance of caution . . . We do not view the [vehicle purchase] as having any bearing on or relationship to our business dealings with LYSD or LYSD's competitive bidding process."

On May 26, 2011, USAC sought more information about the vehicle purchase and previously disclosed meals that had occurred in January and February 2010. After obtaining a brief extension to respond, IL provided a detailed response on or about June 17, 2011. IL again

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<sup>6</sup> Note that Chris Johnson, a manager at Integrated Logic, purchased the vehicle while associated with Wire Weavers, a predecessor entity to Integrated Logic.

explained the vehicle was purchased from Mr. Reilly after he had left LYSD and that the vehicle was purchased to support non-E-rate supported contracts with LYSD in effect at that time. Regarding the January and February 2010 meals, IL noted these meals (occurring well after the contract date for the two FRNs under investigation) had average per-person costs ranging from \$4.83 to \$14.31 with one of the meals part of a benefit for an organization that helps feed hungry children in Alaska who don't qualify for the free lunch program.

Summary of USAC's Conclusions and IL Concerns

FRN	Nature of Services/ Amount	Funding Year/ Allowable Contract Date	Facts Cited by USAC Supporting Conclusion	IL Issues with Conclusions
1748539	Internal Connections  \$1,913,001 (funded)	FY 2008  1/25/2008	Pre-existing contractual relationship between IL and LYSD "demonstrates that [IL] had inside information regarding your needs and details about [LYSD's] procurement process".	USAC may not presume unfair access to inside information based solely on pre-existing contractual relationship. The FCC specifically addressed this issue in the <i>Sixth RO</i> .  Chris Johnson purchased the Polaris at a fair price from a former LYSD employee, not LYSD. USAC provides no explanation for how this purchase is connected to the LYSD competitive bid process that occurred six months later.  USAC has not cited any evidence to support this conclusion. No such evidence exists.
1748588	Internal Connections Maintenance  \$726,836 (funded)		June 2007 purchase by IL of 2005 Polaris Ranger "from [LYSD]".  School district "engaged in numerous meetings and discussions with [IL] prior to the posting of the Form 470 and throughout the competitive bidding process."	
2033443	Internal Connections Maintenance  \$662,228 (requested)	FY 2010	Same as above.  \$124.52 in meals during 2010 split among four LYSD employees and paid for by IL.	Same as above.  This is a contract renewal FRN, so the relevant competitive bid period occurred in 2007-2008 as part of the initial contract. USAC has not explained how meals occurring in 2010 could have influenced a competitive bid that had occurred more than two years earlier. Moreover, because the amounts at issue are <i>de minimis</i> and precede adoption by the FCC of specific gift thresholds, USAC cannot simply assume without evidence or explanation that these meals influenced the contract renewal decision.

## Integrated Logic Responses to the USAC Notice

### Pre-Existing Contractual Relationship between LYSD and IL

We have previously expressed our concern that USAC may be improperly presuming a competitive bid violation due solely to the fact that IL and LYSD had a previous contractual relationship.<sup>7</sup> The Federal Communications Commission (“FCC”) has stated specifically “*that an existing relationship between an applicant and its existing service provider does not violate the rule that the competitive bidding process remain fair and open.*”<sup>8</sup> A conclusion that a pre-existing contract – and nothing more – establishes unfair access to inside information would violate the letter and spirit of this FCC policy. Unfortunately the USAC Notice strongly suggests that it is planning to make just such a conclusion.

USAC’s proposed decision states: “The fact that [IL] and [LYSD] had a pre-existing relationship demonstrates that [IL] had inside information regarding your needs and details about your procurement process, thus making the competitive bidding process for these FRNs unfair.” USAC makes no further findings to support such a conclusion and does not specifically identify any unfair inside information that IL supposedly had. More problematically, USAC does not even consider the record showing that all other prospective bidders did, in fact, have access to the same information as IL through LYSD’s careful competitive bidding process.

LYSD addressed this key point in its response to the USAC Notice. As LYSD points out, through the Request for Proposals (“RFPs”), pre-bid meetings, and invitation to visit each LYSD site, prospective bidders had ample opportunity to obtain any information that IL might reasonably have had as result of its existing relationship:

The District’s Requests for Proposals related to the FRNs at issue are detailed and exceedingly informative as to the services the District was seeking. The Request for Proposals for Internal Connections informs prospective vendors that “LYSD seeks Internal Connections to supplement an existing infrastructure that is an end-to-end solution meeting an ever-growing educational technology environment. Since there is an existing infrastructure, it is expected that Providers will match or better items already in place in scope and brand.” (emphasis added). That RFP required prospective vendors to not only visit each site but to attend a pre-bid meeting to discuss items that would “include but will not be limited to: Documentation Examples, Hardware Overviews Educational Technology Planning, and Proprietary LYSD Technology Information.” The Request for Proposals for Basic Maintenance for Internal Connections

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<sup>7</sup> See, e.g., E-Mail from Jeffrey Mitchell, Counsel for Integrated Logic, to Johnnay Schrieber, Counsel for USAC (July 7, 2011).

<sup>8</sup> See *Sixth RO* at ¶ 86 n.249 (emphasis supplied). As AT&T explained in its comments to the *Sixth RO* Notice of Proposed Rulemaking, which the FCC cited favorably:

For example, where a service provider has built a relationship with an applicant, and obtained information about the applicant (such as information about service history and billing records) legitimately and through the normal course of business, that relationship should not be deemed inappropriate – provided the applicant provides all potential bidders the information they need to submit a bid for supported services and evaluates all such bids fairly.

AT&T Comments at 5 (cited in *Sixth RO*, ¶ 86 f.249).

painstakingly documented existing District E-Rate eligible hardware and services.<sup>9</sup>

USAC cannot simply ignore these facts. Rather, USAC must explain why, despite the thorough competitive bid process used by LYSD, it has concluded that IL nonetheless had unfair access to inside information.<sup>10</sup> Nothing USAC has written to date supports this conclusion.<sup>11</sup>

#### The Polaris Ranger

Regarding the Polaris Ranger, as discussed previously, USAC has not explained how the purchase of a vehicle from a former LYSD employee may have any relevance to this inquiry. Until USAC provides an explanation, it is impossible for IL to respond meaningfully.

#### Alleged Pre-470 Meetings

USAC concludes LYSD and IL “engaged in numerous meetings and discussions . . . prior to the posting of the Form 470 and throughout the competitive bidding process which taints the competitive bidding process” without identifying a single meeting or discussion that occurred between LYSD and IL, much less identifying who was present at the meeting, what was purportedly discussed, and how this tainted the process. Without additional specific information, IL has no ability to respond to USAC’s assertion that meetings during that time, assuming they occurred, even discussed, much less affected, the competitive bidding process for the FRNs at issue.

#### January-February 2010 Meals

USAC concludes that \$124.52 in meals for LYSD employees paid for by IL represented “valuable gratuities, and entertainment” that unfairly influenced the competitive bidding process for FRN 2033443.<sup>12</sup> USAC fails to provide any explanation as to why these meals should not be considered permitted *de minimis* gifts, or how these meals actually influenced the competitive process. Such an explanation is needed because no specific gift thresholds were in place during the time of these meals.<sup>13</sup> Without specific thresholds in effect, some level of gifts must be considered *de minimis*—and after the *Sixth RO* did codify allowable gift levels the IL meals exceeded this annual limit in only one case by \$19. It is incumbent on USAC as the decision-maker to at least explain the factors it is employing to conclude these specific meals (a) were not

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<sup>9</sup> See LYSD Response at 4 (emphases in original).

<sup>10</sup> See *Caldwell Parish* at ¶ 2 (directing USAC to conduct further investigation before presuming competitive bidding violations); see also *Academy of Careers and Technologies* at ¶ 7 (“If an entity is able to demonstrate that it fully complied with all program rules and did not, for example, violate the Commission’s competitive bidding rules, then USAC should not deny funding on the basis of the “pattern analysis” procedure.”)

<sup>11</sup> Moreover, unless RFP-compliant bids were submitted that were more cost effective than Integrated Logic’s bids, there is no actual harm to the E-rate program.

<sup>12</sup> It is notable that none of USAC’s inquiries in this matter concerned this particular FRN.

<sup>13</sup> See *Sixth RO* at ¶ 88 (establishing that gifts up to \$50 per employee per year are considered *de minimis*); *Wireline Competition Bureau Provided Guidance Following Schools and Libraries Universal Service Program Sixth Report and Order*, Public Notice, DA-2356, at 2 (rel. Dec. 15, 2010) (“More specific gift rules effective January 3, 2011”).



*de minimis* and/or (b) otherwise unfairly influenced LYSD's decision to renew the 2008 Internal Connection Maintenance contract with IL.

In any event, it is difficult to reconcile the disproportion between one meal for one person that exceeded the new annual limit by \$19 and the denial of \$3,302,065 in reimbursement to a rural Alaska School District's 4,000 students.

#### The Original Allegations

Finally, USAC's investigation was originally launched to address extremely serious allegations made regarding IL's conduct, not just with LYSD but with other schools as well. Unfortunately the USAC Notice is silent on its findings about those allegations. After a 16-month investigation, and the serious and defamatory nature of the charges, Integrated Logic might reasonably expect that their disposition be documented. This would restore some much needed fairness to this process.

To the extent allegations concerning IL's conduct with schools other than LYSD have proven unfounded, IL respectfully requests USAC release any funding decisions or other actions that may have been held pending the outcome of this review. This freeze on funding decisions is causing substantial hardship to both IL and the impoverished schools that are affected.

#### Conclusion

IL appreciates the opportunity to respond in advance to the proposed decision in this matter. Our response shows that USAC's proposed decision that there has been a competitive bidding violation is not supported by the facts and reasoning set forth in the USAC Notice. Indeed, the USAC Notice reflects a failure to meet the most basic requirements of administrative decision making and due process. USAC ignores the actual competitive bid process that occurred and instead improperly presumes the process was compromised by a pre-existing contractual relationship between LYSD and IL. USAC also fails to explain the relevance of the used vehicle purchase from a former LYSD employee, fails to identify any facts supporting its assertion that improper meetings took place before and during the bid process, and fails to explain how the bid process was influenced by a small number of inexpensive meals occurring years after the fact. Accordingly, we urge USAC to withdraw the Notice.

If USAC instead chooses to issue a decision in this matter, we urge USAC to develop a detailed factual record and reasoned explanation of findings and conclusions that can be responded to by the parties. Absent a decision that contains these basic elements, Integrated Logic's ability to effectively pursue the appeal process will be unfairly limited.<sup>14</sup>

Respectfully submitted,

/s/

Jeffrey A. Mitchell  
Counsel for Integrated Logic

cc: David A. Capozzi, Esq.  
Catriona Ayers  
Mel Blackwell

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<sup>14</sup> See *In re Academy of Careers and Technologies* at ¶ 6 (finding that "without specific information to determine the basis for the denial, applicants cannot provide comprehensive responses to USAC's arguments.")

Ms. Cannan,

Below is the Lower Yukon School District's response to your request for additional information dated October 31, 2011:

- 1. Please explain whether LYSD paid for the airfare, hotel expenses, and other related travel expenses that LYSD employees incurred to attend the meals identified below. Please provide documentation to support your response (such as copies of the expense reports from these employees, statements documenting that LYSD reimbursed its employees for these expenses).*

Lower Yukon School District paid for all travel and related expenses for the employees and dates you reference in your email request.

"Attachment A" includes copies of the travel expenses for the following events:

- 1/4/2010 – E-rate Pre-bid Meeting; Joshua Jerome
- 1/4/2010 - Video Teleconferencing Training; Howard Beans
- 2/7/2010 – KBOX Training; Joshua Jerome and Howard Beans
- 2/8/2010 – KBOX Training; Joshua Jerome and Howard Beans
- 2/9/2010 – KBOX Training; Joshua Jerome and Howard Beans
- 2/10/2010 – KBOX Training; Joshua Jerome and Howard Beans
- 2/23/2010 – ASTE Conference; Joshua Jerome and Grant Guy

Please note that the District does not require expense reports. Employees are required to submit a leave request for approval with their per diem request and supporting documentation prior to making any travel arrangements. The per diem, paid to the employee, is for lodging and meals. The district pays airfare, other transportation expenses, and registration fees (if applicable) directly to the vendors.

- 2. Your April 14, 2010 response to USAC's request for information indicates that Wire Weavers and Square Peg Consulting had contracts with LYSD prior to Funding Year 2008 (July 1, 2008 to June 30, 2009). Please provide the dates of these contracts and any other contracts that LYSD had with Integrated Logic prior to Funding Year 2008. Please provide copies of such contracts.*

"Attachment B" includes copies of the following Contracts or Memorandum of Agreements that LYSD had with Wire Weavers and Square Peg Consulting prior to Funding Year 2008:

Square Peg Consulting: On June 1, 2007 Square Peg Consulting was issued "notices to proceed" for various projects.

Square Peg Consulting: On November 1, 2007 an MOA was issued to Square Peg Consulting to provide network and infrastructure support as needed for the LYSD Lan/Wan connectivity,

manage all Windows server-based applications and functions, and manage VPN connectivity for third parties.

Square Peg Consulting: On April 23, 2008 an MOA was issued to Square Peg Consulting to provide network and infrastructure support as needed for the LYSD Lan/Wan connectivity, manage all Windows server-based applications and functions, and manage VPN connectivity for third parties.

Square Peg Consulting: In June, 2006 an MOA was issued to Square Peg Consulting to plan, discover, and implement GCI changes.

Square Peg Consulting: In July and August, 2006 an MOA was issued to Square Peg Consulting to provide configuration work and support.

Square Peg Consulting: In September, 2006 an MOA was issued to Square Peg Consulting to provide network and systems support.

Square Peg Consulting: In October, 2006 an MOA was issued to Square Peg Consulting to provide network support, systems support, and technology training. This

Square Peg Consulting: In November, 2006 an MOA was issued to Square Peg Consulting to provide network and systems support.

Square Peg Consulting: In December, 2006 an MOA was issued to Square Peg Consulting to provide network and systems support.

Square Peg Consulting: In January, 2007 an MOA was issued to Square Peg Consulting to install and configure equipment at several sites and perform site surveys.

Square Peg Consulting: In February, 2007 an MOA was issued to Square Peg Consulting to provide network and systems support.

Square Peg Consulting: In March, 2007 an MOA was issued to Square Peg Consulting to provide network support.

Wire Weavers: On June 1, 2007 Wire Weavers was issued "notices to proceed" for a district-wide wireless upgrade and structured cable system.

Wire Weavers: On December 26, 2007 an MOA was issued to Wire Weavers to provide services for the maintenance of LYSD internal connections on an as needed basis.

Wire Weavers: On April 14, 2008 an additional MOA was issued to Wire Weavers to provide services for maintenance of LYSD internal connections on an as needed basis.

Wire Weavers: On December 26, 2007 an MOA was issued to Wire Weavers to provide services for the maintenance of LYSD internal connections on an as needed basis.

Wire Weavers: On April 14, 2008 an MOA was issued to Wire Weavers to provide services for the maintenance of LYSD internal connections on an as needed basis.

Wire Weavers: On June 1, 2007 an MOA was issued to Wire Weavers to provide a site survey.

3. *The LYSD technology plan for FY2008-2011 (available at the LYSD Technology Website) lists Joshua Jerome as the LYSD Technology Director. However, your April 14, 2010 response to USAC indicates that Mr. Jerome was not employed as the LYSD Technology Director until July 2008, which was after the technology plan appears to have been drafted. Please explain this discrepancy.*

The LYSD Technology Plan for FY2008-FY2011 was originally submitted by Blaine Detering in March or April of 2008 to the State of Alaska. Blaine Detering was the Technology Director at the time.

The State certified the Plan for Universal Service Fund E-rate application purposes, but the Plan was not certified for federal education technology funding. LYSD was required to submit supporting documentation that a survey was provided to LYSD stakeholders and then show that the results were posted. Mr. Jerome, new Technology Director at the time, provided the survey and posted the results by adding an amendment to the Technology Plan and then posting the Plan on LYSD's technology website. When he did this he updated the Director's name to himself, since Blaine Detering was no longer with the District. You will see the cover pages in "Attachment C" that show the Plan Document before Mr. Jerome added the amendment and then after he added it and posted it with his name as the current Director at the time. "Attachment C" also includes the letter from the State of Alaska mentioned above.

4. *Your April 14, 2010 response to USAC indicates that David Reilly served as LYSD's technology director from May, 2006 through June, 2007. Please provide the last date of Mr. Reilly's employment as LYSD's technology director.*

Mr. Reilly's last duty day at LYSD was June 8, 2007. Mr. Reilly chose to take the remaining annual leave he had from June 9, 2007 to June 21, 2007 to prepare for his move out of Mountain Village.

5. *Please explain how the RFPs for LYSD's funding Year 2008 Form 470 173560000656051 (BMIC) and Form 470 582620000657013 (IC) were made available to prospective bidders. Please provide documentation to support your response.*

The RFPs for the two referenced Form 470s were posted on the Lower Yukon School District website as noted on the two USAC Form 470s. Both RFPs were posted for the required 28 days and available for all interested bidders. "Attachment D" includes the referenced RFPs, the associated 470 Forms, and a screen shot of the website and properties of the posting of the RFPs.

6. *Please provide copies of the completed bid evaluation matrix for LYSD's funding Year 2008 Form 470 173560000656051 (BMIC) and Form 470 582620000657013 (IC).*

No bid evaluation matrix/rubric was completed for either RFP. Only one bid was received for Form 470 173560000656051 for Basic Maintenance of Internal Connections and only bid was received for Form 470 582620000657013 for Internal Connections.

Jeff Mitchell

703-584-8685 (O)

202-570-6986 (M)

**From:** Johnnay Schrieber [<mailto:jschrieber@usac.org>]

**Sent:** Friday, January 20, 2012 10:35 AM

**To:** Jeffrey Mitchell

**Subject:** Integrated Logic LLC

Jeff:

In response to your earlier voice mail messages, USAC has issued its final funding decisions for Integrated Logic, LLC's pending funding requests. Most of the funding commitment decision letters (FCDLs) for Integrated Logic's pending funding requests were issued on November 23, 2011. On January 5, 2012, USAC issued the remaining FCDL for Lower Yukon School District's pending FY 2010 funding request.

The FCDLs serve as USAC's final decisions for these pending funding requests. It is not USAC's practice to issue written findings regarding an earlier intent to deny/comad determination. As a result of the follow-up questions and responses/documentation received from Integrated Logic LLC and Lower Yukon School District this past fall, USAC has decided to approve Lower Yukon School District's pending FY 2010 funding request. USAC will also not go forward with rescinding Lower Yukon School District's FY 2008 commitments for Integrated Logic's services. At this time, USAC considers its review regarding Lower Yukon School District and Integrated Logic to be completed.

If you disagree with any the FCDLs that have been issued, you may appeal those funding decisions pursuant to the Commission's appeal rules set forth at 47 C.F.R, Part 54, Subpart I. Please let me know if you have any questions.

Thanks,

Johnnay



**Schools and Libraries Universal Service Program**  
**Services Ordered and Certification Form 471**  
**Application Display**

Block 1

Block 2 & 3

Block 4

Block 5

Block 6

Misc

471 Application No: 875747  
Form Status: **INCOMPLETE**  
Out of Window Letter Date: 04/20/2012

Funding Year: 7/1/2009 - 6/30/2010  
RAL Date: Not applicable

Cert. Postmark Date: 03/19/2012

Applicant's Form Identifier: FY10BMIC471

**Block 1: Billed Entity Information**

Billed Entity Number: 145592

Applicant Name: LOWER YUKON SCHOOL DISTRICT  
Address: 100 AIRPORT RD, PO BOX 32089  
City: MOUNTAIN VLG State: AK Zip: 99632-

Contact Name: JENNY L. MARTENS  
Address: 100 AIRPORT RD, PO BOX 32089  
City: MOUNTAIN VLG State: AK Zip: 99632

Type of Application: SCHOOL DISTRICT

Ineligible Orgs: N

Form 471

Do not write in this area.

Approval by  
3060

**Schools and Libraries Universal Service**  
**Description of Services Ordered and Certification Form 471**  
Estimated Average Burden Hours per Response: 4 hours

This form asks schools and libraries to list the eligible telecommunications-related services they have ordered and estimate the annual charges for them so that the Fund Admini-  
can set aside sufficient support to reimburse providers for services.  
Please read instructions before beginning this application. (You can also file online at [www.sl.universalservice.org](http://www.sl.universalservice.org).)  
The instructions include information on the deadlines for filing this application.

Applicant's Form Identifier  
(Create your own code to identify THIS form 471)  
FY10BMIC471

Form 471 Application#  
(To be assigned by administrator)  
875747

**Block 1: Billed Entity Information** (The "Billed Entity" is the entity paying the bills for the service listed on this form.)

1 a Name of Billed Entity LOWER YUKON SCHOOL DISTRICT

2 a Funding Year: 2009 Through June 30: 2010 Billed Entity Number: 145592  
July 1,

<b>4 a</b>	Street Address, P.O. Box, or Routing Number	100 AIRPORT RD, PO BOX 32089	
	City	MOUNTAIN VLG	
	State	AK	Zip Code 99632
<b>5 a</b>	Type of Application	<input type="checkbox"/> Individual School (individual public or non-public school) <input checked="" type="checkbox"/> School District (LEA; public or non-public [e.g. diocesan] local district representing multiple schools) <input type="checkbox"/> Library (including library system, library outlet/branch or library consortium as defined under LSTA) <input type="checkbox"/> Consortium <input type="checkbox"/> Check here if any members of this consortium are ineligible or non-governmental entities	
<b>6</b>	Contact Person's Name	JENNY L. MARTENS	
First, if the Contact Person's Street Address is the same as in Item 4, check this box <input type="checkbox"/> If not, please complete the entries for the Street Address below			
<b>b</b>	Street Address, P.O. Box, or Routing Number	100 AIRPORT RD, PO BOX 32089	
	City	MOUNTAIN VLG	
	State	AK	Zip Code 99632

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FCC Form 471 - November 2

Entity Number	<u>145592</u>	Applicant's Form Identifier	<u>FY10BMIC471</u>
Contact Person	<u>JENNY L. MARTENS</u>	Phone Number	<u>907-591- 2411</u>

This information will facilitate the processing of your applications. Please complete all rows that apply to services for which you are requesting discounts. Complete this information on the FIRST Form 471 you file, to encompass this and all other Forms 471 you will file for this funding year. You need not complete this information on subsequent Forms 471. P your best estimates for the services ordered across ALL of your Forms 471.

Schools/school districts complete Item 7. Libraries complete Item 8.  
Consortia complete Item 7 and/or Item 8.

**Block 2: Impact of Services Ordered on Schools****IF THIS APPLICATION INCLUDES SCHOOLS...****BEFORE ORDER****AFTER ORDER**

7a Number of students to be served

NO DATA

**Block 3: Impact of Services Ordered on Libraries**

NOT APPLICABLE AS THIS APPLICATION IS FOR DISTRICT

NO DATA

**Block 5: Discount Funding Request(s)**

FRN: 2390912		FCDL Date:	
10. Original FRN:			
11. Category of Service: Basic Maintenance of Internal Connections		12. 470 Application Number: 173560000656051	
13. SPIN: 143032377		14. Service Provider Name: Integrated Logic LLC	
15a. Non-Contracted tariffed/Month to Month Service:		15b. Contract Number: N/A	
15c. Covered under State Master Contract:		15d. FRN from Previous Year:	
16a. Billing Account Number:		16b. Multiple Billing Account Numbers?:	
17. Allowable Contract Date: 01/25/2008		18. Contract Award Date: 04/02/2012	
19a. Service Start Date: 04/02/2012		19b. Service End Date:	
20. Contract Expiration Date:			
21. Attachment #:		22. Block 4 Entity Number: 145592	
23a. Monthly Charges: \$.00		23b. Ineligible monthly amt.: \$.00	
23c. Eligible monthly amt.: \$0.00		23d. Number of months of service: -21	
23e. Annual pre-discount amount for eligible recurring charges ( 23c x 23d): \$0.00			

23f. Annual non-recurring (one-time) charges: 0      23g. Ineligible non-recurring amt.: 0

23h. Annual pre-discount amount for eligible non-recurring charges ( 23f - 23g): \$0.00

23i. Total program year pre-discount amount ( 23e + 23h): \$0.00

23j. % discount (from Block 4): 90

23k. Funding Commitment Request ( 23i x 23j): \$0.00

**Block 6: Certifications and Signature**

Application ID:875747

Do not write in this area.

Entity Number	145592	Applicant's Form Identifier	FY10BMIC471
Contact Person	JENNY L. MARTENS	Phone Number	907-591-2411

**Block 6: Certifications and Signature**

24. ☐ I certify that the entities listed in Block 4 of this application are eligible for support because they are: (check one or both)
- a. ☐ schools under the statutory definitions of elementary and secondary schools found in the **No Child Left Behind Act of 2001, 20 U.S.C. Secs. 7801(18) and (38)**, that do not operate as for-profit businesses, and do not have endowments exceeding \$50 million; and/or
  - b. ☐ libraries or library consortia eligible for assistance from a State library administrative agency under the Library Services and Technology Act of 1996 that do not operate as for-profit businesses and whose budgets are completely separate from any schools including, but not limited to elementary, secondary schools, colleges, or universities
25. ☐ I certify that the entity I represent or the entities listed on this application have secured access, separately or through this program, to all of the resources, including computers, training, software, internal connections, maintenance, and electrical capacity, necessary to use the services purchased effectively. I recognize that some of the aforementioned resources are not eligible for support. I certify that the entities I represent or the entities listed in this application have secured access to all of the resources to pay the discounted charges for eligible services from funds to which access has been secured in the current funding year. I certify that the Billed Entity will pay the non-discount portion of the cost of

the goods and services to the service provider(s).

a.	Total funding year pre-discount amount on this Form 471 (Add the entities from Item 23I on all Block 5 Discount Funding Requests.)	\$807,595.08
b.	Total funding commitment request amount on this Form 471 (Add the entities from Items 23K on all Block 5 Discount Funding Requests.)	\$726,835.57
c.	Total applicant non-discount share (Subtract Item 25b from Item 25a.)	\$80,759.51
d.	Total budgeted amount allocated to resources not eligible for E-rate support	\$0.00
e.	Total amount necessary for the applicant to pay the non- discount share of the services requested on this application AND to secure access to the resources necessary to make effective use of the discounts. (Add Items 25c and 25d.)	\$80,759.51
f.	<input type="checkbox"/> Check this box if you are receiving any of the funds in Item 25e directly from a service provider listed on any Forms 471 filed by this Billed Entity for this funding year, or if a service provider listed on any of the Forms 471 filed by this Billed Entity for this funding year assisted you in locating funds in Items 25e.	

26. ☐ I certify that all of the schools and libraries or library consortia listed in Block 4 of this application are covered by technology plans that are written, that cover all 12 months of the funding year, and that have been or will be approved by a state or other authorized body, and an SLD-certified technology plan approver, prior to the commencement of service. The plans are written at the following level(s):
- a. ☐ an individual technology plan for using the services requested in this application; and/or
  - b. ☐ higher-level technology plan(s) for using the services requested in this application; or
  - c. ☐ no technology plan needed; applying for basic local, cellular, PCS, and/or long distance telephone service and/or voice mail only.
27. ☐ I certify that I posted my Form 470 and (if applicable) made my RFP available for at least 28 days before considering all bids received and selecting a service provider. I certify that all bids submitted were carefully considered and the most cost-effective service offering was selected, with price being the primary factor considered, and is the most cost-effective means of meeting educational needs and technology plan goals.



0 4 7 0 0 1 0 1 0

28. ☐ I certify that the entity responsible for selecting the service provider(s) has reviewed all applicable FCC, state, and local procurement/competitive bidding requirements and that the entity or entities listed on this application have complied with them.
29. ☐ I certify that the services the applicant purchases at discounts provided by 47 U.S.C. Sec. 254 will be used solely for educational purposes and will not be sold, resold, or transferred in consideration for money or any other thing of value, except as permitted by the Commission's rules at 47 C.F.R. Sec. 54.500(k). Additionally, I certify that the Billed Entity has not received anything of value or a promise of anything of value, other than services and equipment requested under this form, from the service provider(s) or any representative or agent thereof or any consultant in connection with this request for services.
30. ☐ I certify that I and the entity(ies) I represent have complied with all program rules and I acknowledge that failure to do so may result in denial of discount funding and/or cancellation of funding commitments. There are signed contracts covering all of the services listed on this Form 471 except for those services provided under non-contracted tariffed or month-to-month arrangements. I acknowledge that failure to comply with program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.
31. ☐ I acknowledge that the discount level used for shared services is conditional, for future years, upon ensuring that the most disadvantaged schools and libraries that are treated as sharing in the service, receive an appropriate share of benefits from those services.
32. ☐ I certify that I will retain required documents for a period of at least five years after the last day of service delivered. I certify that I will retain all documents necessary to demonstrate compliance with the statute and Commission rules regarding the application for, receipt of, and delivery of services receiving schools and libraries discounts, and that if audited, I will make such records available to the Administrator. I acknowledge that I may be audited pursuant to participation in the schools and libraries program.
33. ☐ I certify that I am authorized to order telecommunications and other supported services for the eligible entity(ies) listed on this application. I certify that I am authorized to submit this request on behalf of the eligible entity(ies) listed on this application, that I have examined this request, that all of the information on this form is true and correct to the best of my knowledge, that the entities that are receiving discounts pursuant to this application have complied with the terms, conditions and purposes of this program, that no kickbacks were paid to anyone and that false statements on this form can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under the Title 18 of the United States Code, 18 U.S.C. Sec. 1001 and civil violations of the False Claims Act.

34. ☐ I acknowledge that FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism are subject to suspension and debarment from the program. I will institute reasonable measures to be informed, and will notify USAC should I be informed or become aware that I or any of the entities listed on this application, or any person associated in any way with my entity and/or entities listed on this application, is convicted of a criminal violation or held civilly liable for acts arising from their participation in the schools and libraries support mechanism.
35. ☐ I certify that if any of the Funding Requests on this Form 471 are for discounts for products or services that contain both eligible and ineligible components, that I have allocated the cost of the contract to eligible and ineligible companies as required by the Commission's rules at 47 C.F.R. Sec. 54.504(g)(1),(2).
36. ☐ I certify that this funding request does not constitute a request for internal connections services, except basic maintenance services, in violation of the Commission requirement that eligible entities are not eligible for such support more than twice every five funding years beginning with Funding Year 2005 as required by the Commission's rules at 47 C.F.R. Sec. 54.506(c).
37. ☐ I certify that the non-discounted portion of the costs for eligible services will not be paid by the service provider. The pre-discount costs of eligible services features on this Form 471 are net of any rebates or discounts offered by the service provider. I acknowledge that, for the purpose of this rule, the provision, by the provider of a supported service, of free services or products unrelated to the supported service or product constitutes a rebate of some or all of the cost of the supported services.

38. Signature of authorized person

39. Signature Date

The Americans with Disabilities Act, the Individuals with Disabilities Education Act and the Rehabilitation Act may impose obligations on entities to make the services purchased with these discounts accessible to and usable by people with disabilities.

**NOTICE:** Section 54.504 of the Federal Communications Commission's rules requires all schools and libraries ordering services that are eligible for and seeking universal service discounts to file this Services Ordered and Certification Form (FCC Form 471) with the Universal Service Administrator. 47 C.F.R. § 54.504. The collection of information stems from the Commission's authority under Section 254 of the Communications Act of 1934, as amended. 47 U.S.C. § 254. The data in the report will be used to ensure that schools and libraries comply with the competitive bidding requirement contained in 47 C.F.R. § 54.504. All

schools and libraries planning to order services eligible for universal service discounts must file this form themselves or as part of a consortium.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The FCC is authorized under the Communications Act of 1934, as amended, to collect the information we request in this form. We will use the information you provide to determine whether approving this application is in the public interest. If we believe there may be a violation or a potential violation of any applicable statute, regulation, rule or order, your application may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation or order. In certain cases, the information in your application may be disclosed to the Department of Justice or a court or adjudicative body when (a) the FCC; or (b) any employee of the FCC; or (c) the United States Government is a party of a proceeding before the body or has an interest in the proceeding. In addition, consistent with the Communications Act of 1934, FCC regulations and orders, the Freedom of Information Act, 5 U.S.C. § 552, or other applicable law, information provided in or submitted with this form or in response to subsequent inquiries may be disclosed to the public.

If you owe a past due debt to the Federal government, the information you provide may also be disclosed to the Department of the Treasury Financial Management Service, other Federal agencies and/or your employer to offset your salary, IRS tax refund or other payments to collect that debt. The FCC may also provide the information to these agencies through the matching of computer records when authorized.

If you do not provide the information we request on the form, the FCC may delay processing of your application or may return your application without action.

The foregoing Notice is required by the Paperwork Reduction Act of 1995, Pub. L. No. 104-13, 44 U.S.C. § 3501, et seq.

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, completing, and reviewing the collection of information. Send comments regarding this burden estimate or any other



aspect of this collection of information, including suggestions for reducing the reporting burden to the Federal Communications Commission, Performance Evaluation and Records Management, Washington, DC 20554.

**Please submit this form to:**

**SLD-Form 471  
P.O. Box 7026  
Lawrence, Kansas 66044-7026**

**For express delivery services or U.S. Postal Service, Return Receipt Requested, mail this form to:**

**SLD Forms  
ATTN: SLD Form 471  
3833 Greenway Drive  
Lawrence, Kansas 66046  
(888) 203-8100**

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Universal Service Administrative Company

Schools and Libraries Division

**FUNDING YEAR 2009 FORM 471  
POSTMARKED OUTSIDE OF WINDOW**

April 20, 2012

JENNY L. MARTENS  
LOWER YUKON SCHOOL DISTRICT  
100 AIRPORT RD, PO BOX 32089  
MOUNTAIN VLG, AK 99632

Re: Applicant's Form Identifier: FY10BMIC471  
Form 471 Application Number: 875747

We're sending this letter to thank you for your recent Form 471 application. Your Form 471 application and/or certification was submitted online or postmarked AFTER the deadline for an application to be considered as filed within the window.

Program rules require us to hold your application pending final review of those applications that were filed within the window. We will post an announcement on the USAC website at [www.usac.org/sl](http://www.usac.org/sl) once we determine if funding applications that were submitted within the application filing window will fully utilize all the funds available for this Funding Year.

For more information about the processing of pending applications, about funding for applications filed after the close of the filing window or about plans for future funding years, please visit our website or call the Client Service Bureau at 1-888-203-8100.

**TO APPEAL THIS DECISION:**

If you wish to appeal a decision indicated in this letter, your appeal must be received by USAC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Include the following to identify the decision letter and the decision you are appealing:
  - Appellant name,
  - Applicant or service provider name,
  - BEN,
  - Application number 875747 as assigned by USAC,
  - "Funding Year 2009 Form 471 Postmarked Outside of Window Letter,"AND
  - The exact text or the decision that you are appealing.
3. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal, including any correspondence and documentation.

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Schools and Libraries Division - Correspondence Unit  
30 Lanidex Plaza West, PO Box 685, Parsippany, NJ 07054-0685  
Visit us online at: [www.usac.org/sl](http://www.usac.org/sl)

4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.

5. Provide an authorized signature on your letter of appeal.

To submit your appeal to USAC by email, email to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org). USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to us by fax, fax your appeal to (973)599-6542.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal  
Schools and Libraries Division - Correspondence Unit  
30 Lanidex Plaza West  
PO Box 685  
Parsippany, NJ 07054-0685

You have the option of filing an appeal with USAC or with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received by the FCC or postmarked within 60 days of the above date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. We strongly recommend that you use the electronic filing options described in the "Appeals Procedure" posted on our website. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554.

Schools and Libraries Division  
Universal Service Administrative Company